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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 003877

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STATE FOR NEA/ARPI, DRL/IL, G/TIP, G, INL, DRL, NEA/RA  
LABOR FOR ILAB, A.ZOLLNER

E.O. 12958: DECL: 09/12/2015

TAGS: ELAB PREL ETRD KDEM PINR PHUM TC  
SUBJECT: UAE LABOR: EXPANDING EXPAT WORKER RIGHTS TARGETS  
DOMESTIC, INTERNATIONAL PRIORITIES

REF: A. ABU DHABI 1874

IB. ABU DHABI 1434  
IC. ABU DHABI 3144

Classified By: (U) Classified by Ambassador Michele J. Sison, reasons 1  
.4 (b) and (d)

11. (C) Summary: The UAE Ministry of Labor has been proactive in changing many of the most restrictive laws and regulations governing the expatriate labor market over the past two months, Labor Minister Dr. Al Ka'abi told Ambassador September 10. These changes -- including changing the sponsorship regulations, abolishing the six-month mandatory immigration ban, eliminating the no-objection letter, and allowing workers who are owed back salaries to change sponsors -- all open the labor market and permit greater labor rights for expatriate workers in the UAE. Prompted by the ongoing U.S.-UAE Free Trade Agreement negotiations, there has also been increasing public discussion on labor unions. Granting additional worker rights targets both domestic and international labor constituencies on Emiratization (increasing the number of Emirati nationals in the private sector) and expanding worker rights for the expatriates who make up 98 percent of the UAE's private sector workforce.

Labor Unions

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12. (C) The Ministry of Labor (MoL) has long debated the form and depth of a law permitting national labor unions. Instead of creating a union law separate from the labor law as the government had previously planned(the labor law itself is also in the process of revision), the labor law will now

include a specific provision giving the Minister of Labor the discretion to issue a decree allowing labor unions. Minister of Labor Dr. Al Ka'abi explained to Ambassador on September 10 that this will allow more flexibility in language, and will also allow the law to be passed much more quickly than a separate law could.

¶3. (C) The UAEG is consulting with fellow Gulf Cooperation Council (GCC) members Bahrain and Oman and the International Labor Organization (Ref A) on tactics for formulating a union law and practice that allows for the regional peculiarity of a significant expatriate workforce (over 98 percent of the private workforce in the UAE is comprised of non-citizens). Like its neighbors, the UAE will allow full membership (and board positions) for UAE citizens and some form of associate membership for expatriate workers. Al Ka'abi noted the UAE may follow Bahrain's example, and allow the unions themselves to decide what form associate membership will take. This tactic will both further empower the unions and remove the government from the decision. Al Ka'abi noted the UAEG had considered limiting all forms of membership to expatriates fluent in Arabic, but had decided against this for security reasons since, for example, some Sudanese and Egyptian expatriates fluent in Arabic are monitored for any extremist tendencies. (Note: National security concerns remain the primary focus for the UAEG in formulating a labor union law since such a large percentage of UAE residents -- over 85 percent -- are non-nationals.)

¶4. (C) The revised labor law, which will include the new provision allowing the Minister the authority to allow labor unions, is still in a draft stage. Al Ka'abi reported that he started the informal lobbying process with other members of the Cabinet, and said he plans to bring the law before the Cabinet for official approval once informal consensus has been reached (Note: The Cabinet had its first meeting this week after the summer break.) It will then need the signature of UAE President Sheikh Khalifa bin Zayed.

#### Opening the Labor Market

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¶5. (C) The Ministry of Labor and Social Affairs has been proactively changing many of the most restrictive laws and regulations governing the expatriate labor market over the past two months. The primary goal behind these changes is to close the financial gap between employing expatriates and local workers. In the past, local workers have been significantly more expensive for companies since they received higher salaries, medical and pension benefits. They also were frequently less qualified, but had the freedom of movement to change jobs. Expats, on the other hand, were better skilled, but essentially locked in place by the strict sponsorship transfer regulations (Note: A visa sponsor is legally the expat's employer) and the six-month immigration ban if they changed sponsors without a no-objection letter from their original employer. Al Ka'abi explained that closing the gap between expats and locals in the private workplace will help increase UAE penetration of the private sector, and meet domestic political priorities of Emiratization (increasing the percentage of UAE citizens in the private sector - Ref B). It will also help reduce the unemployment rate of UAE citizens. Allowing greater mobility for expatriates, and raising the cost of expat labor through such mobility and higher fees for MoL transactions (meant for the companies, not individuals), the UAEG hopes to equalize the playing field for citizens.

¶6. (C) These changes substantially increase worker rights in the UAE, and thus address international political concerns by bringing UAE labor laws closer to an international norm. Collectively these changes give much greater mobility to expatriate workers, by giving them more freedom to change employers without fear of labor or immigration consequences. Major changes announced in the past two months include:

- Allowing sponsorship transfer for all workers, although there remain restrictions for some types of workers (Ref C)
- Eliminating the six-month immigration ban for workers who

change sponsors

- Eliminating the corresponding no-objection letter that was previously required for a worker to change employment
- Allowing workers who are owned three months of unpaid salaries or more to change sponsors, even if they do not meet the other requirements for sponsorship transfer
- Increasing company fees for failing to cancel, change, or renew a worker's labor permit.

Civil Service Law

¶ 17. (C) The labor law governs only private employment in the UAE, which accounts for about 2.1 million workers. There are an additional 2 million workers not covered by the law, the majority of whom are government workers. Most UAE citizens prefer to work in the public sector, since these jobs require fewer hours, have better pay and benefits, and no accountability or performance reviews. Al Ka'abi noted that he would like to see the civil service law changed as part of the broader labor reform movement. Changing the civil service law would give broader accountability, and require employees to perform the services for which they are being paid. He noted that the civil service law and the opacity of finance and funding are the "handcuffs" of the UAE's attempts to reform.

Possible Change of Weekend?

¶ 18. (C) Al Ka'abi also mentioned that the UAEG is considering switching from the current official Thursday-Friday weekend to a Friday-Saturday weekend to bring it more in line with the international business community. While there are several key leaders and groups in favor of this move (including Abu Dhabi Crown Prince Mohammed bin Zayed, Dubai Crown Prince Mohammed bin Rashid and the Dubai banking community), there remains resistance to the change from some prominent Cabinet members, most notably Sheikh Hamdan bin Rashid Al-Maktoum, the titular Minister of Finance and full-brother to Dubai Crown Prince Mohammed bin Rashid Al-Maktoum, said Al Ka'abi. (Note: Al Ka'abi indicated there has been a strain in the relationship between the two brothers.)

Comment

¶ 19. (C) Although many of the recent labor changes are couched in the language of domestic political priorities -- particularly Emiratization -- the reality is that worker rights are moving ahead in the UAE. By opening the market to freedom of movement for workers, the UAE is normalizing both the wage scales and the number of workers needed to meet the demands of a free market economy. The removal of the six-month immigration ban also removes the fear that workers can be deported at their employer's whim. The UAE has demonstrated it is slowly moving toward compliance with international labor standards (and with the standards required for negotiation and ratification of a Free Trade Agreement). More broadly, Al Ka'abi has made significant progress in convincing the ruling leadership and his Cabinet colleagues of the need to create a more open labor market that satisfies both international and domestic labor priorities.

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